



**U.S. Department of Justice**

*United States Attorney  
District of Connecticut*

*Connecticut Financial Center  
157 Church Street  
New Haven, Connecticut 06510*

*(203) 821-3700  
Fax (203) 773-5376  
www.usdoj.gov/usao/ct*

**FOR IMMEDIATE RELEASE  
April 17, 2006**

**CONTACT:** Tom Carson  
Public Information Office  
(203) 821-3722  
(203) 996-1393 (cell)

**FIVE NEW YORK MEN INDICTED FOR  
PARTICIPATING IN SECURITIES FRAUD SCAM**

Kevin J. O'Connor, United States Attorney for the District of Connecticut, today announced that a federal grand jury sitting in New Haven has returned a 22-count Indictment charging five men for their alleged involvement in a "boiler room" investment scheme that victimized at least 50 victims of more than \$2.5 million. The Indictment was returned on March 29, 2006, and was ordered unsealed on April 13 by United States Magistrate Judge Holly B. Fitzsimmons in Bridgeport.

The Indictment charges **DIGBY M. FERRERA**, also known as Casper Weiss, age 33 (DOB 02/14/1973), of 8220 Fort Hamilton Parkway, Brooklyn, New York; **SCOTT A. CIAPPETTA**, also known as Steven Stiles, also known as Steven Markowitz, age 38 (DOB 01/08/1968), of 355 Smith Road, Ronkonkoma, New York; **JOHN R. BLOT**, also known as Victor Morgan, age 26 (DOB 08/16/1979), of 2075 Bedford Avenue, Apartment 1G, Brooklyn; **SHAWN F. HABER**, also known as Leo Schwartz, age 33 (DOB 08/16/1972), of 1918 Coleman Street, Brooklyn; and **LESLIE A. JAMES**, also known as Daryl McKinney, age 35 (DOB 09/17/1970), of 177-14 Wexford Terrace, Jamaica, New York, with 16 counts of securities fraud, five counts of mail fraud, and one count of conspiracy to commit securities fraud and mail fraud.

"This Office and our federal law enforcement partners are committed to investigate and prosecute those who violate our nation's securities laws and victimize investors," U.S. Attorney O'Connor stated.

The Indictment alleges that, in or about January 2001, FERRERA, CIAPPETTA, BLOT, HABER, JAMES, Viktor Novosselov, Igor Malyar and others falsely represented to more than 50 victims, including citizens of Connecticut, through "cold calls" that they worked for *Blue Square Management* ("Blue Square"), a venture capital firm that was in the business of selling securities and specializing in underwriting initial public offerings. In reality, *Blue Square* was a fraudulent entity with no legitimate operations. It is alleged that the defendants made unsolicited cold calls and told the potential investors that they could purchase securities in a company called *Cash Money Lending Corporation* ("CMLC"), another fictitious company that the defendants

represented to be an actual company purportedly in the business of managing ATM machines.

The Indictment alleges that the defendants separated the telephone solicitations between (a) “Cold-Callers,” who contacted potential investors to get them interested in investing with *Blue Square* and then “qualify” them and “open” them as “clients,” and (b) “Traders,” who contacted the individuals who had been “qualified” as “clients,” and made additional false and fraudulent representations to them in order to obtain funds from them by selling bogus CMLC stock. The Indictment alleges that FERRERA was both a “Cold Caller” and a “Trader,” CIAPPETTA was a “Trader,” and BLOT, HABER and JAMES were “Cold Callers.”

The Indictment alleges that the defendants falsely represented that CMLC operated a lucrative business managing thousands of ATMs across the country and that an initial public offering for CMLC, and/or a buyout of the company, would occur in the near future. They told investors that the purchase of stock before the initial public offering or buyout would result in a significant profit, and that in addition to purchasing stock, investors could receive warrants that would also be of significant value. Investors could purchase CMLC stock for \$7 to \$10 per share, which was represented to be one-third to one-half of the planned initial public offering or buyout price.

The Indictment further alleges that following the verbal solicitation of investments made during the cold calls, the defendants, in an attempt to lure and entice investors, distributed and caused to be distributed false and misleading promotional materials about the fictitious CMLC to prospective investors. To further create the appearance of legitimacy, it is alleged that the defendants sent to the prospective investors documents that contained false and misleading representations, including stock certificates, subscription agreements for the purchase of common stock of CMLC, and invoices. The false documentation also set forth the number of shares the investor had agreed to purchase, the payments owed, and the estimated opening price. Upon receiving “investment” checks from the victims, the defendants failed to invest the money as represented, but instead diverted investors’ funds for their own personal use and benefit, including paying business expenses, and converting large amounts of the funds into cash.

CIAPPETTA, BLOT, HABER, and JAMES have been arrested and arraigned on the charges. Each has been released on bond. FERRERA has been arrested and detained. He will be arraigned this afternoon at 3:00 p.m. before Judge Fitzsimmons in Bridgeport.

If convicted of all 22 counts of the Indictment, each defendant faces a maximum term of imprisonment of 185 years and a fine of up to \$7,000,000. The United States is also seeking forfeiture of the criminally derived proceeds.

Viktor Novosselov and Igor Malyar have been charged separately in connection with this alleged scheme. Each has pleaded guilty and awaits sentencing.

U.S. Attorney O'Connor stressed that an indictment is only a charge and is not evidence of guilt. Each defendant is entitled to a fair trial at which it is the Government's burden to prove guilt beyond a reasonable doubt.

This case is being investigated by the Federal Bureau of Investigation, the Social Security Administration Office of Inspector General, Office of Investigations, and the U.S. Postal Inspection Service. The U.S. Securities and Exchange Commission and U.S. Immigration and Customs Enforcement have also assisted in this matter. The case is being prosecuted by Assistant United States Attorney Michael S. McGarry of the United States Attorney's Office Securities and Investor Fraud Unit.

###